



JOURNAL OF EVENT, TOURISM AND HOSPITALITY STUDIES

<http://e-journal.uum.edu.my/index.php/jeth>

How to cite this article:

Tong, L. C., Kasim, A., Hisham, A., & Shamsuddin, S. (2021). Understanding how ride-sharing services impacted local taxi operators: The case of Uber in Kuala Lumpur, Malaysia. *Journal of Event, Tourism and Hospitality Studies*, 1(1), 95-120. <https://doi.org/10.32890/jeth2021.1.5>

UNDERSTANDING HOW RIDE-SHARING SERVICES IMPACTED LOCAL TAXI OPERATORS: THE CASE OF UBER IN KUALA LUMPUR, MALAYSIA

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Received: 11/5/2021

Revised: 18/5/2021

Accepted: 28/5/2021

Published: 15/7/2021

ABSTRACT

The introduction of ride-sharing alternative to taxis brought a refreshing alternative to consumers because it promises a comfortable and reliable service of ride sharing. However, Uber i.e. the first ride-sharing service offered in Malaysia in particular, has caused uneasiness among the conventional taxi concessionaires. This paper took a case study approach to understand the reasons behind this issue within the context of Kuala Lumpur, Malaysia using document analysis and semi structured interviews. The findings suggest that high quality ride experience that ride-sharing services such as Uber offer have caused much disruption to traditional taxi drivers' livelihood. Hence, government assistance to improve traditional taxi service is essential to help their continued survival. A few managerial implications are proposed at the end of this paper.

Keywords: Sharing Economy, Ride-Sharing Application, Business Competition, Transportation, Malaysia

INTRODUCTION

Peer-to-peer consumption has been on the rise for several years now. Many companies are leveraging on the phenomenon of decreased barriers to interaction brought about by internet and social networks to help their users rent each other's houses, cars, parking space, cooking skills and much more. The new business concept which is also coined as 'sharing economy' i.e. an economic model that allows borrowing and renting of someone else's asset. This model works best in situation where the asset is expensive and hardly used because sharing economies allow people to generate income from underused assets. While sharing of assets is not new among communities all around the world, internet has certainly amplified this activity by making it faster and easier for asset owners and potential renters to communicate with one another. This peer-to-peer lending allows physical assets (such as cars, condo etc.) to be shared as services when the owners are not using them. Proponents of the sharing economy stress that it is a model that would promote social welfare ("Rachel Botsman: The currency of the new economy is trust | TED Talk | TED.com," n.d.). It brings about shared recognition among providers and customers on the value offered using digital platforms and networks (Guttentag& Smith, 2017). On the other hand, detractors of sharing economy opine that it can pose societal risk in the need to change how service firms operate, how customers need to be engaged and how to deal with their expectations (Helkkula et al., 2018). They maintain that even though a properly regulated sharing economy can be good, this business model presents very little net gain in long term social welfare (Petropoulos, 2016).

Critics are also concerned with regulatory uncertainty involved in sharing economy (Cramer & Krueger, 2016; Cetin, 2017). For example, unregulated individuals offering to share their assets under the sharing economy concept may flaunt the law and avoid taxes while making profit at low cost. The situation presents unfair situations to regular businesses that have to abide by numerous regulations and pay taxes in order to operate. The same controversy also affects ride-sharing applications. The advancement of mobile technology has enabled an economic model that allows sharing of access to products and services among peers. Often, the sharing is systematically coordinated by a community-based online service. This model depends on factors such as

people's willingness to share, internet access, and mobile devices availability. Among the service that relies on this model is ride sharing services such as Uber, GRAB, MyCar, Lyft and others. They rely on a seamless smart-phone tool/application for connecting public transport users with freelance drivers. Specifically, they offer ride-sharing services using an online platform that brings the service straight into customers' mobile phone. The simplicity in matching demand with supply as well as the ease of use of ride sharing service have made it popular in many countries around the world including Malaysia.

Problem Statement and Objectives

Uber, being the pioneer of ride sharing services in the early 2010s, has taken over the taxi market by storm. It became a sought after brand soon after it was launched, and expanded from USA into Asia, Europe and South America within a short period of time (Iqbal, 2021). However, it has also led to controversies in many parts of the world which had led to its ban from operating in many countries in 2017. There are many positive accounts on the positive impacts of ride sharing services as a whole on the cost and time effectiveness of public transport services of a city. However, not much focus has been given to how the emergence of ride sharing services such as Uber could affect the livelihood of traditional transport service providers such as taxis. Nonetheless, only a few studies in western countries have focused on Uber. Petropoulos's (2016) study on Uber in Italy for example, has found that the rise of Uber has negatively impacted the traditional taxi service providers in that country. Cetin (2017) and Keefe and Jones (2015) added that Uber promotes the deregulation of transport services drivers, with possible negative implications to customers' safety. Although there are other ride sharing applications such as Sidecar, Lyft, Grab and MyCar that existed alongside Uber, Uber has been the centre of debate due to its rapid global growth and size (Petropoulos, 2016).

In 2021, Uber is still actively operating in 900 cities around the world and generated USD11.1 billion revenues in 2020 despite the pandemic (Iqbal, 2021). Here in Malaysia however, data on Uber's impact on local taxi drivers is limited. Clearly, the issue had to be investigated further so that the negative impact of similar technological disruption can be minimized in the future.

Qualitative approach and multiple data sources have been used in this current study to determine how Uber has affected the livelihood of taxi providers in Kuala Lumpur. Two objectives have been proposed which are 1) to understand how local taxi operators' livelihood is impacted and 2) to understand what role the Government should play regarding this issue. The study is guided by the researchers' understanding of two concepts i.e. the Quality of Life concept (since the issue relates to livelihood of a specific segment of the society i.e. the taxi drivers), and the Social Sustainability concept (since this study looks at the governance/role of the government as one of the social pillars of the sustainable development concept). Though the concept of Quality of Life has various definitions according to Sirgy, (2012), one aspect which is the unidimensional perspective (Andrews & Withey, 1976) can be adopted to explain the phenomenon being studied. Meanwhile, the Social sustainability seeks promotion, protection and preservation of social values such as human rights, health, safety, equity and diversity in the current and future generations (Widok, 2009). It relates to impacts that organizations can implicate onto non-financial capital.

Literature Review

Ride sharing is no longer a new concept everywhere around the world. However, understanding how this new transport service concept has disrupted the traditional transport providers is still important to help mitigate the negative impact of technology advancement on people in the future. This is the main goal of this current study on the impact of Uber on taxi drivers in Kuala Lumpur. Uber is the first ride-share application that began in San Francisco in 2009 (Rempel, 2014). Uber, which means "above" or "over" in German, started its operation in 2009 and has been available in 342 cities and in more than 60 countries around the world including Malaysia. Uber is estimated to be worth US\$61 billion as of 1st November 2015 by Fortune (Okeefe & Jones, 2015). Many American cities have experienced drastic reduction of taxi fares since Uber services have been introduced (Rempel, 2014). Consumers welcomed Uber services as it offers safer, and more efficient transport means for public use (Cramer & Krauger, 2016; Petropoulos, 2016). These provide a vastly different experience from the largely outdated, inefficient, and non-courteous drivers.

Economists have often referred to the service quality of taxi services in metropolitan areas as an example when criticizing the ineffectiveness of local governance and promoting the need to allow market forces to regulate industries and improve services (Cairns & Liston-Heyes, 1993). Close market system often associated with government's management of the public transport system has been criticized as protecting the provider rather than consumers, resulting in problems such as inefficiency, lack of innovations and lack of competency (Cramer & Krueger, 2016). Taxi users for example, are often subjected to over-charging, variable pricings and bad service. These have often led consumers especially tourists to have negative perceptions about taxi services. According to a London Cab's report (2012), price variability, overcharging and driver's attitudes are the major reasons for negative images of taxi services. On top of these, there are also issues related to poor quality taxis and driver's reluctance to use meters for long trips. Thus, the introduction of Uber has brought a refreshing alternative to consumers because it promises a comfortable and reliable service of ride sharing. Uber, with its mission to offer smooth running transportation that is reliable and accessible to everyone (Shontel, 2015) has posed a competition to the conventional taxi concessionaires in the country.

According to O'Keefe and Jones (November, 2015), a sharing economy means that resources, time and skills are allowed to be shared among people across online platforms. This allows for any unused or under-used assets to be unlocked to help people make money. Examples of unused or under-used resources include empty spare rooms or tools in the sheds that are otherwise used only once a year. The sharing can also give people alternatives from having to own expensive assets such as vehicles or properties, to paying for them only when needed. Providers in this sharing economy concept benefits from acquiring more income-earning skills (such as hosting paying guests in their houses) to working at more flexible hours (since they get to decide when to work and when not to). Meanwhile, Zaman (2016) stated that sharing economy can be considered as a business model in which a pool of people and organisation share their services and good under one business umbrella, with profits distributed between the business and shareholders. The author emphasizes that the model benefits companies as well as individual shareholders as it democratises earnings and gives the man on the street an opportunity to use his assets which he

may already owned but is not fully utilised. Her interview with the GM of Uber Malaysia revealed that sharing economy democratises employment and earnings and all developing economies that want to improve life. In addition, the Uber technology brings about a lot of changes which are positive. Riders are able to find cheaper and reliable ways to get from one point to another in a safe manner while the drivers get paid for their driving time and utilise Uber to track their journeys.

An urban economy is dependent on the effectiveness of its transports system (Hill, 1965). In Kuala Lumpur, urbanization and increased use of motorized vehicles have been in tandem. Many forms of transport system including Light Rail Transit system, monorail and other forms of public transportation have been offered to city dwellers (Schwacz, 2003). However, despite the quantity issue may have been addressed, the quality of the public transport system in Kuala Lumpur remains unresolved. The city's public transport system lacks 'seamlessness' in servicing the public due to poor scheduling, drivers' attitudes, and many more. As a consequence, many people choose to drive leading to an increase of private vehicles usage especially between the years 1985-2005 (Lynn & Boyle 2008). The government's weak focus in promoting public transport usage among the public has contributed to the trend. In the eight's Malaysia Plan, not much emphasis was given to improving the quality of urban living and the environment. In addition, there is a weak coordination between all the regulating agencies to ensure a seamless public transport experience to dwellers and visitors to Kuala Lumpur. The monopoly of these few licensed providers means the public has low bargaining power to demand better services from them, leading to public dissatisfaction. Consequently, any new development that aims at improving transport users' experience is welcomed (Schwacz, 2003). Hence the arrival of Uber has been seen by many as a positive development. Uber provides an alternative that promotes positive customer experience rather than drivers' protection (often seen as a common practice among conventional transport providers).

From economic point of view, Uber is seen as a job provider or income enhancer (Mstar Online, January 4th, 2016). Approximately 100,000 Uber drivers were appointed in 2016, giving them an alternative income. This development was most welcomed due to the increased lay off of workers

and the economic problems that the nation was facing at that time (Mstar Online, January 4th, 2016). In addition, Uber promised customers that it is a more effective transport system that would reduce the need to personally drive, thus reducing the amount of personal vehicles on the road along with issues of congestions and air pollution (Astro Awani, December 17th, 2016). Outside Kuala Lumpur, the introduction of Uber was said to have a positive impact on the tourism industry as it is able to provide a better, cheaper and more convenient alternative to consumers compared to local taxis. In Perak for example, the State Tourism Executive Chairman claimed that the service gave visitors an additional option for travelling within the state (Nair, February 5th, 2016). Some restaurants, telecommunication and music companies also collaborated with Uber to provide better services to their clients/customers, better comfort with the high quality standard and efficiency as offered by the ride sharing service (Dzulkifly, March 2016).

Nevertheless, some parties are not very positive about Uber's socio-economic contribution. O'Keefe and Jones, November (2015) stressed that everywhere in the world, taxi companies and critics have accused Uber as being reckless and dangerous in its operation because it promotes the use of unregulated drivers who could pose safety threat to passengers. In addition, Uber is also accused as not paying its share of taxes for roads and infrastructure development which it utilizes during its operation. There are also issues related to the law governing this transport model. From the legal perspective, Uber is illegal. However, due to its 'newness', there are no specific laws that could address any possible liability issues that could be brought onto the consumers of its service. Since it uses an online application, it is technically not a service operator under the Malaysian law. Therefore, there is not much action that the local regulating agency can take towards Uber.

METHODOLOGY

This study used a qualitative approach to uncover the impact of Uber especially towards the local taxi drivers. Document analysis and semi structured personal interviews with multiple sources/types of informant have been conducted to answer the study objectives. For information triangulation purposes, data had been collected from multiple sources/actors including a

representative of the local regulating agencies, ten local taxi drivers, ten members of the public, an authoritative figure in cars, buses and trucks magazines and also a newspaper editor who has been focusing on the issue of Uber in Kuala Lumpur. This approach is in accordance with Denzin (1978) proposed the triangulation method i.e. using multiple perspectives rather than a single perspective to examine a subject, as a useful way to enhance the validity of qualitative data. This approach also allows researchers to make sensible conclusions from their findings and construct plausible explanation (Mathison, 1988) on the phenomenon being studied. The interview protocol consists of four questionnaires; one for taxi drivers, one for community/ customers and one for regulator (the local Land and Public Transport authority) supplemented by Editor for macro view of the role of government. Data from the taxi drivers and members of the public were analysed using thematic analysis (Strauss & Corbin, 1992) to allow identification of common themes from the semi-structured interviews. The data was triangulated with data from the individual interviews and document analysis.

RESULTS

Based on the document analysis and the interviews, the relevant stakeholders of the taxi services in Kuala Lumpur have been identified and presented below in the form of a diagram (Figure 1). Clearly there are multiple parties involved in the taxi business. The taxi permit is either owned by companies/ cooperatives or individuals. Taxis served passengers for business at a fare in the community they operate. Local taxis are regulated by regulatory agencies such as MCMC, the local Land and Public Transport authority and Puskapom, Police and Department of Environment for Emission of Gas by taxis. In addition, taxis work with the Ministry of Tourism in providing transportation for tourists. Competition-wise, local taxis face challenges from a number of app-based companies namely Uber, Grab (both cars and taxis, Grab is formerly known as My Taxi), Black lane and Tripda (used frequently by students for long journeys and cost is shared among passengers). Taxis also face challenges in dealing with suppliers such as insurer, vehicle manufacturer, financiers and workshops.

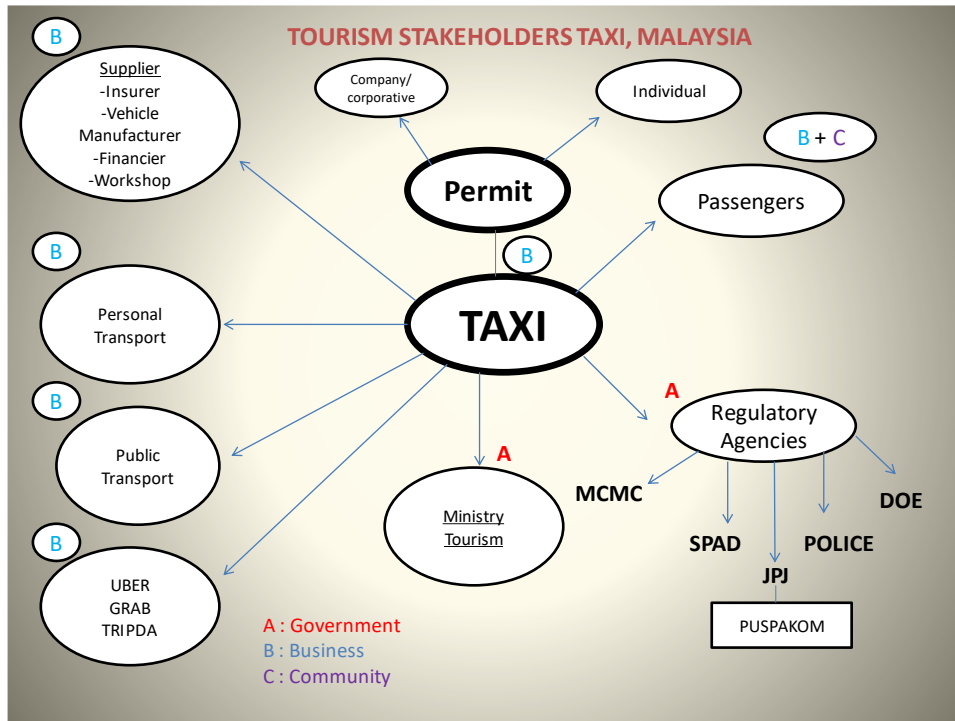


Figure 1

Taxi Stakeholders in Malaysia; Developed by the authors

The diagram above shows various different individuals and organisations that the local taxi drivers have to deal with. The local Land and Public Transport authority website informed that in 2014 there were more than 60,000 metered taxis operating in Malaysia of which 64 % are budgets taxis and half of the amount of taxis was operating in the Klang Valley. Hence it can be inferred that there are many different types of taxi drivers that the transport authority has to monitor.

Document Analysis

The local Land and Public Transport authority survey results, available on its website, highlighted the changing landscape of taxi services over the past few years. The local Land and Public Transport authority reported their effort to improve the taxi services and initiated the use of internet application amongst conventional taxi drivers to enhance their effectiveness. It also amended the Land Transport Act 2010 to improve taxi services to be more customer oriented while weeding out illegal service providers (The Local Land and Public Transport Authority, 2015). In a press release dated 29 August 2014, the local Land and Public Transport authority made a statement that Uber service must be in accordance with the law. The announcement was

made while the local Land and Public Transport authority promoted technology usage in public transportation services. In particular, it encourages the development of technology that takes advantage of the rise in smart phone usage in the country. However, though Uber has been good in harnessing technology to improve public accessibility to public transportation, Uber still needs to improve several aspects of its operations i.e.

- a. Using private vehicles is an offence under the Land Public Transport Act 2010. This illegal service is colloquially referred to as “kereta sapu” (cars that illegally pick up passengers).
- b. Using vehicles registered for Hire & Drive and limousine services - usage of private vehicles to carry fare-paying passenger is also an offence as vehicles registered as Hire & Drive vehicles under S.P.A.D are not allowed to be used for taxi or limousine services.
- c. Using drivers that do not have a Public Service Vehicle licence, which is a clear offence under the Road Transport Act 1987.
- d. Using vehicles that do not go for commercial vehicle insurance coverage and Puspakom’s semi-annual checks.

In the press release, the local Land and Public Transport authority has indicated that it allows Uber to operate provided that Uber ensures that its vehicles and drivers are properly licensed. Thus, Uber is urged to use only licensed vehicles and drivers. The local Land and Public Transport authority promises to take swift action on those who fail to abide by the law under the Land Public Transport Act 2010. The public at large has been bombarded with conflicting news from taxi drivers and the local Land and Public Transport Commission. The former complained that they faced unfair competition from Uber and other ride-sharing apps because these apps allowed individuals that already have other jobs to drive clients with their own private cars. Their activity reduces the chances of local taxi drivers getting passengers. The local taxi association stressed that their income has reduced by 50 to 70% as a result from competition posed by services such as Uber, GrabCar dan Blacklane which use internet applications to get customers (Utusan Online, February 25th, 2015). As a result, taxi drivers cannot survive and face problems with their companies, with their finances and families. This has led to difficulty for taxi drivers to sustain their livelihood and they in turn become angry. Their anger were further fueled by the

news that the authority is studying the legalization of Uber and Grabcar (Astro Awani, December 17th, 2015), subject to terms and conditions.

The taxi drivers officially voiced their objection on 30th December, 2015 when 102 taxi drivers made official complaint to the local Land and Public Transport authority and demanded that the local Land and Public Transport authority takes proper and permanent action towards Uber drivers. In spite of their objection, the government continued with its plan to legalize Uber's operation as part of the country's public transport system. This has led to a public protest held in Kuala Lumpur on March 29th, 2016. They blocked one of the busiest streets in Kuala Lumpur causing traffic disturbance for two hours (Mohan, Malaymail March 30, 2016). There are also issues related to the law governing this transport model. The local regulating agency has admitted this setback and mentioned the following move: *"Moving forward plans are underway to amend the Land Public Transport Act 2010 to regulate ride-sharing apps like Uber. The new regulation typically covers vehicle standards, insurance, accreditation of drivers, and how ride-sharing services can pick up passengers. The framework is being developed at the moment in consultation with various stakeholders."* (The local Land and Public Transport authority, 2015).

However, the local Land and Public Transport authority has also advised taxi drivers to find out why the public prefer using the ride sharing application. The local Land and Public Transport authority Chairman urged these drivers to stop complaining and instead to reflect on their own behaviours after following weeks of protests and complaints from taxi drivers led by the local taxi drivers association. These drivers have asked the local Land and Public Transport authority to clamp down the ride-sharing apps. On 31st December 2015, 102 taxi drivers filed a suit against the local Land and Public Transport authority seeking a declaration that ride sharing services is illegal. They named Uber and two other ride sharing apps as defendant in the suit, claiming that ride sharing has affected their livelihood. The plaintiffs are seeking for general damages, interest cost and other reliefs deemed fit by the court (Mohan, Malaymail March 30, 2016). The case is ongoing. There has also been some confusion as to which authority should play a bigger role in regulating ride sharing online applications such as Uber. On 15th March 2016, the local Land and Public Transport authority Chief urged local internet regulator to monitor and regulate ride-

sharing apps as the local Land and Public Transport authority could only take legal action against it drivers who do not have proper licensing. The local Land and Public Transport authority pointed out that it was the Malaysian Communications and Multimedia Commission's (MCMC) responsibility to regulate ride sharing. He further pointed that it is the MCMC function to regulate the apps and the local Land and Public Transport authority can do little to the ride-sharing services using a public domain and who do not have operating licenses (OL) or Private Service Vehicle (PSV) licenses (Dzulkifly, Malaymail, March 30th, 2016).

Analysis of Interviews - Uber

Competition Posed by Uber

From the thematic analysis of interviews with the 10 taxi drivers on competition posed by Uber to local taxi drivers, themes such as vehicle quality, pricing, professionalism and affected income / livelihood were noted. For the first question on how Uber has affected local taxi drivers' customer base, it is evident that taxi drivers are concerned of losing customers to Uber. The primary reasons are the ease of customer access using the Uber app and the much more superior alternative in terms of **vehicle conditions** and the **competitive prices** that Uber offers. Some excerpts are as the following:

“Uber is an illegal activity that is more commonly known as the broom wagon. The average passenger picks (Uber) because Uber offers a cheaper fare, though they are aware that it is possible for crime and accident to occur (when they use Uber).” (Informant 1)

“Many people prefer to use Uber because Uber provides better cars and services, the fare is cheaper than normal taxi. Uber is used by middle income people as payment is by way of credit card. Users affected are middle and higher income customers.” (Informant 2)

“All types of my customer base are affected. They like Uber better because of the fixed price. Uber's offer of nicer cars like MyV, Toyota and Mercedes is also the

reason (they choose Uber over local taxis). Inbound tourists even call for Uber services before they land (in Malaysia).” (Informant 4)

“I have lost most of my executive customers.”(Informant 7)

“Various types of my customers are affected. Most people using Uber are high-end. But now even foreigners who used to take taxis from shopping centres to LRT station have disappeared.” (Informant 8)

The above findings are confirmed by interview findings with ten members of the public. Specifically, regular taxi drivers are perceived to lose out against the **cleaner and newer models of cars** made available to Uber customers as well as drivers with a **better/more professional attitude**.

“Uber cars are cleaner, faster and offer different configuration, different models vs. taxis same old outdated model.”(Informant 1)

“Uber cars are cleaner. Taxi drivers are keen to become Uber taxi drivers once the service is running. (The) reason is that they become their own boss and not fugitive. Local taxi companies need to improve on their services in anticipation of Uber challenges.”(Informant 2)

“From the point of view of convenience of booking the services, Uber makes it easier to book online than to get local taxi. In terms of quality of customer’s service, Uber drivers seem more professional than local taxi drivers.”(Informant 4)

“Personally Uber service quality is higher compared to local taxi. Why? Because Uber is registered under personal car, hence the Uber taxi driver needs to be more careful in dealing with customers. Plus, Uber system implements KPI (key performance index), customer review, and rating which may (negatively implicate an) Uber driver if low quality service is provided. In addition, customer

may review Uber driver's performance, rating, and comments on the system."(Informant 8)

"Uber taxis have good standard. People want to ride beautiful, clean and fast cars. (They prefer) vehicles with 2000 cc engines instead of 1500 cc."(Informant 3)

"Many taxi drivers do what they please. That's a big problem. In the case of Uber where there is a complaint, the driver will be suspended. Uber has a better reporting system as Uber is more careful." (Informant 5)

"Uber provides better services because of personal cars, no daily rental (e.g. for Saga is RM45 per day) and no Puspakom. Uber drivers (are) not under pressure as these drivers are working part time compared to full time to meet expenses (like local taxi drivers)." (Informant 9)

The above observation is also reported by the local newspapers. They mentioned that passengers prefer Uber and Grabcar services because they have had enough with the **unprofessional behaviour** of many local taxi drivers (see Mohan, Malaymail March 30, 2016). In terms of the question of how Uber has affected local taxi drivers' overall income, the majority of taxi drivers experienced a **drop in income** due to the presence of Uber except for a few that have regular clientele base. Some excerpts are as below:

"Uber is now more aggressive in stealing passengers using the application, this situation undoubtedly affects the income of taxi drivers. Uber imposes cheaper fares than taxi fares set by the Government." (Informant 1)

"Less passengers. However I got a regular pool of customers. No necessity to go around and do pick up. When free do pick up. Not much effects as taxi price has increased and my income is better now."(Informant 2)

“It is terrible for me...income dropped from RM150 per day to RM70 per day (because of Uber).” (Informant 3)

“Because customers can contact directly with Uber, income of local taxi business went down around 50%. Customers prefer them because taxi meter runs and increases when jammed, but Uber price is fixed.”(Informant 4)

The next question sought to answer how the current economic climate has exacerbated the competition between Uber drivers and local taxi drivers. The finding shows that the existence of Uber has **negatively affected the livelihood** of taxi drivers and the current economic climate does not help as usage of other forms of public transport increases. Some excerpts are as below:

“It has given us taxi drivers a big headache! People have no income to take taxis and prefer other public transports or Uber instead because of the fixed price.” (Informant 3)

“Everything has been affected since GST (goods and services tax). In other countries when GST is introduced, economy should pick up within 3 months, .but not here. So demand for my taxi (service) has been slow.”(Informant 5)

“Customers have declined. Because the price of taxi fare has increased customer has switched to Rapid LRT, bus and monorail. Passengers save money by using public transport such as Rapid LRT and monorail.” (Informant 9)

The members of the public also indicated that the **pricing** model of Uber makes it more competitive compared to local taxi drivers.

“Fare is generally cheaper. Also after midnight the taxi fare can be exorbitant whereas with Uber can negotiate and already know what fare is chargeable before getting into the car.” (Informant 1)

“For Uber there is no need to pay cash or hand over credit card to pay fare.”(Informant 2)

“Fare is accurately charged to the customer. There is no meter cheating and customer gets to rate the driver according to their services. It is a cashless transaction and all payment is monitored on your phone. Also it is much secured as you know your driver’s phone number, picture and car plate before you travel (with him/her).” (Informant 3)

“To compare these two services, I would use Uber as it is more affordable as they will state the fare once I booked them via phone apps. While local taxi drivers charge higher price especially during peak hours and (high) traffic conditions.”(Informant 6)

Role of the Government

When the local taxi drivers were prompted on the role of the government in the situation, many answers indicated that the government has **not been doing enough** to help the local taxi drivers.

Some excerpts are as below:

“As of today I think the Government is not transparent in helping the citizens of drivers, many complaints and memorandum have been made and sent to relevant authorities including the one sending a memorandum to Honourable Prime Minister but today no concrete action has been taken by the Government to protect the economy and welfare of taxi drivers, not to mention the invasion of Uber.” (Informant 1)

“Indirectly the reduction of petrol prices (gas gone up while petrol gone down) will assist taxi drivers. Cost is less but other costs like maintenance spare parts have gone up.”(Informant 2)

“In the past, Government gave tyres for all taxis throughout Malaysia, a discount of RM5, 000.00 for car purchase throughout Malaysia. Since then, nothing. (I am) hoping (the government will) give taxi drivers three pieces of uniform under 1 Malaysia (programme) for all taxis. Government supports (microphone) system

in the car for recording purposes in the event of complaint and disputes. Taxi drivers die in accident with no insurance as insurance is for cars only, since taxi drivers buy insurance for taxi only. So both should (be covered by the government).” (Informant 4)

Related to whether the taxi association has been doing enough to help the local taxi drivers survive the competition posed by Uber, most taxi drivers especially those who are not members claimed to have **not benefitted from the Taxi Association**.

“Personally I am one of those who is directly involved in the Association. As of today (we) have brought the issue to the Court of Justice and Uber case is still in talks. The action we are (planning in the future) is another rally in several locations in the city centre.” (Informant 1)

“I was a former taxi association member. Now no longer because (they) don’t take action and taxi drivers are fed up (with the Association).” (Informant 3)

“Taxi Association is an association of taxi company owners. Owners protect their own interest and not (that of the) taxi drivers. Taxi drivers are lone rangers, hardly involved in Association or seen to be in action. No money no brain. No time and not many members are active.” (Informant 5)

Related to whether the local taxi drivers are open to using new technology similar to Uber application to enhance their competitiveness, the findings indicate that most taxi drivers have **limited financial resources** to invest in technology or new application. They believe in development of apps for their use is unlikely and working extra hours is still an important option to compete with Uber. Some excerpts are given below:

“I (We) have never prevented the renewal of challenges, we welcome any reforms and challenges but the Taxi Association has no financial resources to develop an application.” (Informant 1)

“Apps are costly because apps use HP GP8 thereby reducing credit availability.” (Informant 6)

“No Apps. Work hard, get passengers 24 hours service no money why sit at home.” (Informant 7)

“Too costly. Each taxi has to pay GST to company. Taxis may choose from two apps (currently available) but the monthly payment for Public Cap is RM100 per month while My Taxi charges are RM.50 upon acceptance of the ride.”(Informant 9)

With regards to what the government should do to help local taxi drivers, their answers **ranged from assisting the taxi drivers directly to lessening their financial burden to taking actions towards Uber** drivers. Some excerpts are given below:

“Association of drivers and senior drivers expect the Government to develop application for drivers and banned external parties.” (Informant 1)

“(The government must) continue to give all taxi drivers tyres. For taxi drivers who want to change new taxi, give them RM5,000 off. Government should also increase repayment term up to 73 instead of 63 years.” (Informant 4)

“Taxi drivers have signed a rental agreement for a number of years and are stuck and cannot get out of their low income. Before signing the rental agreement the local Land and Public Transport, the authority should brief all new taxi drivers. The local Land and Public Transport authority should try to settle the loan of taxi drivers in order for them to give up their taxis and provide opportunities to drive buses with income of RM2, 000.00 to RM4, 000.00.”(Informant 5)

“Block Uber (and) give personal permit to all taxi drivers. All taxis must be PSD drivers, have Taxi Driving cards and transport permitted by the local Land and Public Transport authority.” (Informant 9)

Analysis of Interviews - Media

A representative from a media, who has paid close attention to the Uber-Local Taxi drivers' issue, said the following about the role of the government:

“Government should realise or (may be) had already begun to realise that Uber brings a big chance to the world of public transport. With a touch of the screen on the smart phone, the app enables one to find more than 50 Ubers or Grab taxis around them who are willing to take them. Uber is a ride hailing app and is not a ride sharing app. There is nothing to share and the word sharing is an inflammatory word. Uber is a billion dollar corporation making money and they are not sharing. The New York Times has classified Uber as ride hailing rather ride sharing app. To say (it is) ride sharing apps is (nonsense). By using the word sharing it has suggested social benefits to community. Certainly Uber has done a good job, but also making money. Government should engage Uber and encourage local taxi drivers to benefit from this technology.”

“Government should make Uber pay tax in Malaysia. The reason being Uber derives income from Malaysia and should pay Malaysian tax. Instead income generated is collected by Uber B.V. which is based in Holland. We should follow what Indonesia is doing where all income generated from mobile apps or internet based apps are required to pay Indonesian tax. This is the kind of thing which Government should engage in with foreign based company. In order to be fair to Malaysia taxi drivers it has to pay various kinds of fees to authorities like Puspakom, which Uber does not have to pay, currently. Taxi drivers have to rent permit which may cost up to RM20.00 to RM30.00 per day.”

Analysis of Interviews –Regulating Agency

Meanwhile, an interview with a representative of the regulating agency to determine the role of government in the case of competition between local taxi drivers and Uber drivers has shown that the **regulating agency is in support of Uber’s more efficient business model**. The agency is working to streamline all taxi services in the country by amending the Land Public Transport Act 2010. This will include a comprehensive review of the regulation affecting the public transportation industry to ensure that the industry is more customer-focused, while providing room for innovations. Some of the answers are:

“In terms of embracing technology, only about 27% of existing taxis fleets are connected to taxi booking apps. To address this problem and bridge this gap, we are supportive of the industry (in adopting) technology to aid in the monitoring of taxi supply distribution and performance; which integrates with booking and dispatch systems to enhance travel experience. Ultimately with better customer matching and income, we believe that taxi drivers can provide better service to passengers.”

“Under the law, drivers are required to have a Public Service License (PSV) and the vehicles they use must be suitably licensed with proper insurance coverage for the protection of fare paying passengers. Failing which, the driver risks having his or her car confiscated on top of the penalty or imprisonment term as provided under Land Public Transport Act 2010. We remain committed to provide commuters with options and recognize that taxi apps are indeed game changers that can help raise the service level of our local taxi industry. In addition, these new tech enabled service delivery has the potential to benefit both passengers and drivers alike. Moving forward plans are underway to amend the Land Public Transport Act 2010 to regulate ride-sharing apps like Uber. The new regulation will typically cover vehicle standards, insurance, accreditation of

drivers, and how ride-sharing services can pick up passengers. The framework is being developed at the moment in consultation with various stakeholders.”

“Moving forward, the local Land and Public Transport authority are working to undertaking major changes to streamline taxi services. This includes amendments to the Land Public Transport Act 2010. This (review) will (look at) the taxi industry to make them improve their service quality and become more innovative and tech-savvy.”

CONCLUSION

What can be inferred from the informants' feedback is that the competition that local taxi drivers are facing from Uber drivers is a real phenomenon that should be looked at. Local regular taxi drivers hated Uber drivers as the former's quality of life has significantly been affected by the drop of income ever since Uber entered the market. Pressured further by the lingering economic pinch, traditional taxi drivers have had to work longer hours to maintain their income level. The findings have pointed to increased uneasiness about competition and income drop of traditional taxi drivers due to the emergence of ride sharing services such as Uber as the one single item that has affected the taxi drivers' quality of life (Sirgy, 2002; Uysal et al., 2012). The findings are consistent with those of Petropoulos (2016), Cramer and Krueger (2016) as well as Cetin (2017). Clearly, the social sustainability of traditional taxi drivers requires strong support and protection of social values by relevant authorities such as the Taxi Driver Association and the Land and Public Transport Authority. Even though the local Land and Public Transport authority have been working to streamline taxi services by making amendments to the Land Public Transport Act 2010, they also needed to show sympathy to the plight of the taxi drivers and uphold social values such as human rights, and equity (Widok, 2009).

While the move to do a comprehensive regulatory review of the taxi industry to provide customer-focused regulations is welcomed, the local authority should work together with the taxi association to enhance the quality and efficiency of services of local taxi drivers so that they can compete healthily with Uber drivers. Giving traditional taxi drivers' financial assistance could

also lessen their financial overheads amid competition posed by Uber and other ride sharing services in Kuala Lumpur. On the part of the local taxi drivers and its association, perhaps a change of attitude would help them be less combatant of technology disruption affecting their business. In other words, to have a more sustainable livelihood and have a good quality of life, they need to view the increasing competition as an ‘eye opener’ to their own weaknesses and incompetency. Instead of complaining and being negative, they could do well by improving the quality of their vehicles, drivers’ attitudes and service quality so as to be at par or better than Uber. Competition forces all parties to lift their performance in terms of car cleanliness and driver’s mannerism and driving skills. Consumers end up better off in terms of quality of service and pricing. When local taxi drivers are able to provide similar quality and efficiency as Uber drivers, customers will start to see little difference between them and Uber drivers and competition will slowly but surely be alleviated.

As for the government’s role, a few managerial implications may be highlighted. Firstly, since there are so many metered taxis of various kinds operating in Malaysia, the government should seek social sustainability by ensuring a level playing field for all stakeholders and narrow the quality gap that exists among traditional taxis and ride sharing services. In other words, the government should engage with Uber whilst encouraging local taxi drivers to embrace technological changes. A more open market system related to public transport management system should be in place to enhance the efficiency, innovativeness and competency of all service providers. The government must also recognise that IT has changed the world and also the availability of more options for transportation particularly with the introduction of smart phone and apps. In addition, the government should tax all income generated from mobile apps or internet-based apps of foreign-based company and ensure that ride sharing drivers have adequate insurance coverage. Meanwhile, for taxi-drivers who had signed a rental agreement for a number of years, the local Land and Public Transport authority should try to help or provide alternatives to taxi driver by helping them with loan settlement or income improvement. Future research on this topic could improve this study by increasing the number and variety of informants and focusing on a more active ride sharing provider such as Grab. The small number of informants in

this study may not have provided the real big picture because it only looks at the context of Kuala Lumpur. A larger number and variety of informants will provide an opportunity to obtain a larger population and hence a broader range of taxi drivers' insights on how they view Uber.

CONFLICT OF INTEREST

The authors declare no conflict of interest.

ACKNOWLEDGEMENT

This research received no specific grant from any funding agency in the public, commercial or not-for-profit sectors.

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